

Message Text

LIMITED OFFICIAL USE

PAGE 01 MEXICO 07987 151736Z
ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 /089 W
-----105979 151812Z /72

R 151720Z MAY 78
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 0221
INFO TREASURY WASHDC

LIMITED OFFICIAL USE MEXICO 07987

PLEASE PASS FEDERAL RESERVE BOARD

EO 11652: N/A
TAGS: EFIN MX
SUBJECT: RECENT ECONOMIC INDICATORS

REF: MEXICO 9487

1. THIS CABLE REPORTS MOST SIGNIFICANT DATA AND COMMENTS THEREON IN BANK OF MEXICO'S ECONOMIC INDICATORS FOR MARCH 1978, PROGRAMMING AND BUDGET SECRETARIAT'S MONTHLY BULLETIN OF ECONOMIC INFORMATION FOR APRIL, BOTH JUST RELEASED.

2. MONEY SUPPLY UNADJUSTED AT END FEBRUARY WAS 184.1 BILLION PESOS, 27.5 PERCENT ABOVE YEAR EARLIER FIGURE. CURRENCY ACCOUNTED FOR 44.2 PERCENT OF MONEY SUPPLY, COMPARED TO 49.4 PERCENT ONE YEAR EARLIER AND 44.8 PERCENT TWO YEARS EARLIER. THIS INDICATES A RETURN TO A MORE NORMAL RATIO, ALTHOUGH THE INCREASE IN THE MONEY SUPPLY IS DISTURBING AND WELL ABOVE THE FEBRUARY TO FEBRUARY INCREASES IN THE CPI AND WPI WHICH WERE 18.8 PERCENT AND 17.6 PERCENT, RESPECTIVELY. SEASONALLY ADJUSTED MONEY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MEXICO 07987 151736Z

SUPPLY WAS 181.3 BILLION PESOS AT END-FEBRUARY.

3. PESO-DENOMINATED LIABILITIES OF THE BANKING SYSTEM AT END FEBRUARY WERE 528.1 BILLION PESOS, UP 26.3 PERCENT FROM YEAR EARLIER FIGURE. DOLLAR-DENOMINATED LIABILITIES WERE \$16.5 BILLION, UP 0.8 PERCENT FROM MONTH EARLIER FIGURE, AND 18.5 PERCENT ABOVE YEAR EARLIER FIGURE. DOLLAR DEPOS-

ITS ARE CONTINUING TO INCREASE IN SPITE OF PUBLIC OFFICIALS COMMENTS ABOVE DE-DOLLARIZATION. ALTHOUGH DOLLAR LIABILITIES TO FOREIGN BANKS DECLINED \$183.3 MILLION IN THE FIRST TWO MONTHS OF 1978, OTHER DOLLAR LIABILITIES, MOSTLY DEPOSITS, INCREASED \$712 MILLION OR 14.5 PERCENT.

4. PESO-DENOMINATED ASSETS OF THE BANKING SYSTEM WERE 570.8 BILLION AT END-FEBRUARY UP 21.7 PERCENT FROM YEAR EARLIER FIGURE. DOLLAR DENOMINATED ASSETS WERE \$12.3 AT END-FEBRUARY, UP 24.5 PERCENT FROM YEAR-EARLIER FIGURE.

5. INDUSTRIAL PRODUCTION INDEX WAS 152.2 IN JANUARY, UP 14.8 PERCENT FROM JANUARY 1977 AND 9.1 PERCENT ABOVE JANUARY 1976 LEVEL. SUB-INDEX FOR MANUFACTURERS WAS 149.3, UP 14.7 PERCENT FROM ONE YEAR EARLIER, AND 9.9 PERCENT ABOVE JANUARY 1976 FIGURE. SUB-INDEX FOR PETROLEUM AND DERIVATIVES WAS 194.4 IN JANUARY 1978, UP 16.7 PERCENT FROM JANUARY 1977 FIGURE AND 29.8 PERCENT ABOVE JANUARY 1978 FIGURE. OF THE SIX SUB-INDICES OF THE INDUSTRIAL PRODUCTION INDEX, ONLY THAT FOR CONSTRUCTION WAS BELOW (BY 5 PERCENT) THE INDEX FOR JANUARY 1976. HOWEVER, THIS SUB-INDEX WAS 15.6 PERCENT ABOVE THE JANUARY 1976 LEVEL. NOTE COMMENTS ON INVESTMENT IN PARAGRAPH 8.

6. FEBRUARY EXPORTS WERE \$366.8 MILLION UP 10.7 PERCENT FROM YEAR EARLIER FIGURE. IMPORTS WERE \$408 MILLION, UP LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MEXICO 07987 151736Z

11.5 PERCENT FROM YEAR EARLIER FIGURE. TRADE DEFICIT FOR JANUARY-FEBRUARY WAS \$80 MILLION, COMPARED TO \$90.7 BILLION IN THE YEAR EARLIER PERIOD.

7. PRELIMINARY FIRST QUARTER TRADE DATA WAS PUBLISHED IN THE PROGRAMMING AND BUDGET SECRETARIAT'S MONTHLY BULLETIN. THE DATA, CONVERTED FROM PESOS, SHOWS EXPORTS TO HAVE BEEN \$1,220 MILLION, UP 16 PERCENT FROM THE YEAR EARLIER PERIOD; IMPORTS WERE \$1402 MILLION, UP 24 PERCENT FROM THE YEAR EARLIER PERIOD, FOR A FIRST QUARTER TRADE DEFICIT OF \$182 MILLION.

8. THIS BULLETIN ALSO CARRIES A SERIES ON INVESTMENT INDICATORS, WHICH, ON A FAIRLY CURRENT BASIS, COVERS THREE CATEGORIES, (A) IMPORTS OF MACHINERY AND EQUIPMENT; (B) VALUE OF DOMESTIC PRODUCTION OF MACHINERY AND EQUIPMENT AND (C) VALUE OF PRODUCTION OF CONSTRUCTION MATERIAL. THE FIRST IS DENOMINATED IN DOLLARS, THE OTHER TWO IN PESOS. THE DATA FOR THESE GOES THROUGH MARCH, 1978. THE FIGURES IN MILLIONS OF DOLLARS FOR IMPORTS OF MACHINERY AND EQUIPMENT FOR THE FIRST QUARTERS OF 1976, 7 AND 8 ARE, RESPECTIVELY, \$639, \$480.7 AND \$519. THE FIGURES FOR CATEGORY (B) IN THE SAME

ORDER AND IN MILLIONS OF PESOS ARE 5890.2, 5588.6, AND
10,957.6. FOR CATEGORY (C), THE FIGURES ARE 3436.2, 3392.2
AND 3684.3. CONVERTING THE DATA FOR (B) AND (C) TO INDEX
NUMBERS DEFLATED BY THE WHOLESALE PRICE INDEX, THE FOLLOW-
ING IS INDICATED FOR VOLUME: FOR (A) 100, 63, 110.3;
FOR (B) 100, 66, 63.5. THESE DATA WOULD APPEAR TO INDICATE
THAT INVESTMENT MAY CONTINUE TO BE SLIGHTLY BELOW PRE-
DEVALUATION LEVELS IN REAL TERMS. THOMPSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 15 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MEXICO07987
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780205-0727
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780559/aaaabxqw.tel
Line Count: 124
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d2851c9f-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 MEXICO 9487
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2690159
Secure: OPEN
Status: NATIVE
Subject: RECENT ECONOMIC INDICATORS
TAGS: EFIN, ECON, MX, BANK OF MEXICO
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/d2851c9f-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014